

DEPARTMENT OF SOCIAL SERVICES

744 P Street
Sacramento, CA 95814



July 11, 1983

ALL-COUNTY LETTER NO. 83-62

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: ANGUS v. WOODS Preservation of Records

This letter transmits a copy of the order issued on June 30, 1983 by the United States District Court, Northern District of California, in the Angus v. Woods case (Attachment A).

The Angus case is a class action suit which was filed in 1978. On August 25, 1980, a classwide Preliminary Injunction was issued enjoining the Department from collecting willfully caused overpayments of AFDC from current grants. (See related All-County Letter No. 80-73, dated December 3, 1980). Regulations delineating the proper method of recoupment were issued effective May 1, 1981. These regulations were subsequently repealed on April 2, 1982 (Manual Letter No. 82-36, Rev. 177) pursuant to changes in federal law. The only issues remaining are with respect to retroactive relief for the affected class members. The Department has appealed the District Court order to the United States Court of Appeal for the Ninth Circuit. Concurrent with the appeal, the Department has requested a stay of the order. It is expected that a decision regarding the stay will be forthcoming soon and also that the Court of Appeal will issue its decision within the next few months.

The June 30 order enjoins the destruction of case files or other records for persons who were affected during the period August 31, 1977 to May 1, 1981. The persons affected are AFDC recipients from whom there was a recoupment of willful overpayment benefits. The order requires that you retain all existing records for this period, but it does not require that new lists or computer tapes be created.

Pursuant to the attached order, you are hereby instructed to comply with paragraphs one and two of the order.

If you have any questions, contact your AFDC Management Consultant at (916) 445-4458.


KYLE S. MCKINSEY
Deputy Director

Attachment

ORIGINAL
FILED

JUN 30 1978

WILLIAM L. WATKINS
CLERK, U. S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

1 ROBERT JOHN HUGHES
2 LEGAL AID SOCIETY OF SANTA CLARA COUNTY
3 210 S. First Street
4 San Jose, CA 95113
5 Telephone: (408) 998-5200
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7 Attorney for Plaintiffs
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11 UNITED STATES DISTRICT COURT
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13 NORTHERN DISTRICT OF CALIFORNIA
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11 RONALD ANGUS, et al.,)
12 Plaintiffs,) CIVIL NO. 78-2000 RHS
13 v.)
14 MARION WOODS, as Director of the) STIPULATION AND ORDER
15 California State Department of) FOR PRESERVATION OF
16 Social Services,) FILES AND RECORDS
17 Defendant.)

18 IT IS HEREBY STIPULATED AND AGREED by the parties, through
19 their respective counsel, that, during the pendency of this
20 action, or until the final determination thereof,
21 or until the Court shall otherwise order, the defendants, their
22 successors in office, agents, assigns, employees, and all
23 persons acting in concert with them, or subject to their
24 control and supervision, including employees of county welfare
25 departments, shall be, and hereby are, enjoined and restrained
26 as follows from:

Stip. for Records

1 1. Destroying any case files or other records which
2 contain information regarding persons who between August 31,
3 1977 and May 1, 1981, were subject as AFDC recipients
4 to recoupment of benefits overpaid as a result of a deter-
5 mination by the state defendant or his agents that the
6 AFDC recipient or a member of the relevant FBU wilfully
7 caused the overpayment.

8 2. Failing to preserve and retain any information
9 which is currently in computerized form, such as that appearing
10 on the WICMIS file or the Case Data System, or any other
11 reports or lists, computerized or non-computerized, that would
12 identify those AFDC recipients as set forth in paragraph 1.
13 The information may be preserved and retained by the preser-
14 vation of any existing computer tapes themselves on which
15 information is stored, by the making of computer tapes which
16 contain the information relevant to members of the plaintiff
17 class only, or by the making of a hard copy (i.e., on paper)
18 record of the relevant information from the computer tapes.
19 This stipulation and order shall not be construed to require
20 the production of new computer tapes from current hard copy
21 records;

22 IT IS FURTHER ORDERED that defendant Wood shall effec-
23 tuate this order as follows:

24 A. Within 10 days of the date of this order, defendant
25 Wood shall transmit a copy of this stipulation and order
26 to each county welfare department together with instructions


2.

Stip. for Records

1 to immediately effectuate paragraph 1 and 2 above.

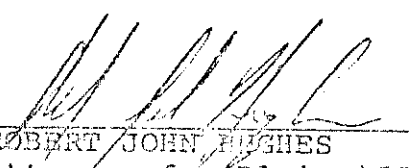
2
3 DATED: 6/20/83

JOHN K. VAN DE KAMP
Attorney General
THOMAS WARRINER
Assistant Attorney General

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6 
7 CHARLTON G. HOLLAND
8 Deputy Attorney General

9 DATED: 6/15/83

LEGAL AID SOCIETY OF
SANTA CLARA COUNTY

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11 
12 ROBERT JOHN HUGHES
13 Attorney for Plaintiffs

14
15 IT IS SO ORDERED.

16 DATED: 6/20/83

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THOMAS H. SCHNACKE
U. S. Judge of the U. S.
District Court

3.
Stip. for Records

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814
(916) 322-5475



July 11, 1983

ALL-COUNTY LETTER NO. 83-61

TO: ALL-COUNTY WELFARE DIRECTORS
ALL-COUNTY FISCAL OFFICERS
ALL-COUNTY FOOD STAMP PROGRAM COORDINATORS

SUBJECT: COUNTY REVIEW OF FNS 259 FORMS

REFERENCE:

As you are aware, counties are required to report quarterly, on the FNS 259, the number and value of mail issuances and replacements. Effective January 1, 1983, regulations were implemented that established an allowable mail loss tolerance level of .5 percent per project area. For counties whose total mail issuance is less than \$300,000 per quarter, the Food and Nutrition Service (FNS) established a dollar tolerance level limit of \$1,500 in losses per quarter (M.S. 63-603.19).

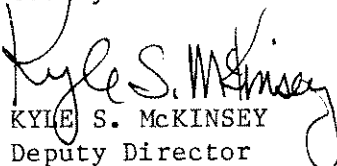
In the Federal Register (Vol. 48, No. 69) released on Friday, April 8, 1983, FNS published final regulations which changed the tolerance level to .75 percent and \$2,250 respectively until the first quarter of the 1984 federal fiscal year (October - December 1983) when the .5 percent/\$1,500 tolerance level is resumed. For the second quarter of federal fiscal year 1983 only, FNS will look at statewide loss rates and the loss rates of individual reporting units within the state. Where the loss rate for individual reporting units within the state is over the tolerance in that quarter and the statewide loss rate is also over tolerance, individual reporting units exceeding the .75 percent tolerance level will be assessed the liability for that quarter. However, if the statewide loss rate is under tolerance, but the individual reporting units are over tolerance for the second quarter, then the state and reporting units will be given one additional quarter (the third fiscal year 1983 quarter - April - June) without sanction, in addition to the sanction free second quarter. Based on the FNS 259 reports from counties for the January - March 1983 quarter, the statewide mail loss is .71 percent and California will qualify for the sanction free period. The statewide tolerance level aspect does not apply after the April - June quarter. Regardless of the statewide loss rate, beginning with the July 1983 quarter, the tolerance level of .75 percent or \$2,250 will be used to assess liability for losses exceeding the appropriate tolerance levels. Counties need to be aware that although they may be under the tolerance level of .75 percent/ \$2,250 in the early months of calendar 1983, it is imperative they make changes in their issuance systems to avoid a liability when the .5 percent/ \$1,500 level becomes effective on October 1, 1983.

FNS will determine, on a quarterly basis, if the state agency has incurred a liability for mail issuance losses over the tolerance level using the FNS 259 reported information. This liability will, in turn, be directed to those counties which have exceeded the tolerance level. The liability based on the FNS-259, Mail Issuance Loss Report will be billed on a semi-annual basis. Since the FNS 259 is reported quarterly to the state, this information is not available to us on a monthly basis. In order to keep yourself apprised of the potential liability for your county, I strongly advise a monthly review of mail issuances and replacements within the county as the data is compiled. This will assist in alerting you to trends of losses which could put the county into a sanctionable mode. Corrective action such as a change from direct mail to county or vendor over-the-counter (OTC) operation or certified mail could be implemented in a more timely fashion if ongoing monitoring is conducted by county staff. ACIN I-44-52 listed some strategies for reducing mail issuance losses. Counties are encouraged to examine other issuance systems as well as methods to reduce losses in the mail. A combination of OTC and limited direct mail may prove advantageous to some counties.

State Department of Social Services is also extremely interested in the implementation of an On-Line Issuance System (OLIS) and is presently examining its feasibility in counties where it may be cost beneficial. There is a potential for enhanced federal funding of 75 percent for its development. Since OLIS does require an OTC operation, counties that are interested in its future implementation could consider proceeding with the conversion to an OTC system.

Emergency state mail loss tolerance level regulations have been filed and are anticipated to become effective in June 1983 which reflect the final federal regulations. These final regulations define "mail issuance" and "mail loss" and establish a new grace period.

Assistance is available from your Food Stamp Consultant regarding procedures to change issuance methods or to reduce mail losses. Please call (916) 322-5475 if you have questions regarding the information in this letter. Any questions regarding your administrative allocations should be directed to the County Administrative Expense Control Bureau at (916) 322-5802.


KYLE S. McKINSEY
Deputy Director

cc: CWDA